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Order 2004-6-19
Served: June 28, 2004



UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

Issued by the Department of Transportation
on the 23rd day of June, 2004

Essential Air Service at

LEBANON, NEW HAMPSHIRE

under 49 U.S.C. 41731 *et seq.*

Docket OST-2003-14822 - 19

ORDER EXTENDING SERVICE OBLIGATION

Summary

By this order, the Department of Transportation extends the service obligation of Colgan Air, Inc., d/b/a US Airways Express (Colgan), at Lebanon, New Hampshire, for an additional 30 days, through July 23, 2004.

Background

On March 27, 2003, Colgan filed a 90-day notice of its intent to suspend its unsubsidized service at Lebanon, effective June 25, 2003. By Order 2003-6-4, June 2, 2003, the Department prohibited Colgan from suspending service beyond the end of its 90-day notice period, through July 25, 2003, and requested proposals, with subsidy if necessary, from carriers interested in providing replacement service. We received proposals from Colgan and Mesa Air Group on behalf of its subsidiary, Air Midwest. As required by 49 U.S.C. 41734, we have extended Colgan's service obligation for additional 30-day periods, the latest through May 24, 2004, by Order 2004-4-18. On June 25, 2003, Colgan became eligible for compensation for its hold-in service. By Order 2003-7-16, July 11, 2003, the Department set an annual subsidy rate of \$1,084,930, to be paid while the carrier-selection case is processed. The carrier will be paid for service consisting of three daily nonstop round trips between Lebanon and New York-La Guardia Airport, with 19-seat Beech 1900D aircraft.

Rate negotiations with Colgan and Mesa had stalled, and we recently received a letter from the interim City Manager of Lebanon requesting that we issue a new request for proposals. Therefore, we issued Order 2004-6-7, June 8, 2004, requesting proposals under our new, streamlined procedures for processing essential air service cases.

Since this case will not be completed by the end of the current hold-in period, in accordance with 49 U.S.C. 41734(c), we will extend Colgan's service obligation at Lebanon for an additional 30 days, or until reliable replacement service actually begins, whichever occurs first.

This order is issued under authority delegated in 49 CFR 1.56a(f).

ACCORDINGLY,

1. We require Colgan Air, Inc., d/b/a US Airways Express, to maintain essential air service consisting of three daily nonstop round trips between Lebanon, New Hampshire, and New York-La Guardia Airport, for an additional 30-day period through July 23, 2004, or until reliable replacement service actually begins, whichever occurs first;¹
2. We direct Colgan to retain all books, records, and other source and summary documentation to support subsidy claims for payment, and to preserve and maintain such documentation in a manner that readily permits its audit and examination by representatives of the Department. Such documentation shall be retained for seven years or until the Department indicates that the records may be destroyed, whichever comes first. Copies of flight logs for aircraft sold or disposed of must be retained. The carrier may forfeit its compensation for any claim that is not supported under the terms of this order;
3. Docket OST-2003-14822, will remain open until further order of the Department; and
4. We will serve a copy of this order on the Mayor and Airport Manager of Lebanon, and Colgan Air.

By:

KARAN K. BHATIA
Assistant Secretary for Aviation
and International Affairs

(SEAL)

*An electronic version of this document is available on the World Wide Web at
<http://dms.dot.gov>*

¹ In accordance with 49 U.S.C. 41734(c), we will extend Colgan's service obligation for successive 30-day periods, as necessary, until its proposed service actually begins.